



OFFICE OF THE MAYOR MANAGING DIRECTOR'S OFFICE

Mufi Hannemann, Mayor
Jeffrey J. Coelho, Managing Director
Trudi S. Saito, Deputy Managing Director



Mayor Mufi Hannemann delivers his inaugural address before a standing-room-only audience in the courtyard of Honolulu Hale on January 6, 2005. His wife, Gail (seated, left), joined family members, dignitaries, and guests at the ceremony.

POWERS, DUTIES, AND FUNCTIONS

The mayor is the chief executive of the City and County of Honolulu. The managing director is the principal management aide to the Mayor.

INAUGURATION

Muliufi F. "Mufi" Hannemann was sworn into office as the 12th Mayor of Honolulu, and the first locally born chief executive in 40 years, on January 2, 2005, at Kapolei Hale.

Four days later, in the courtyard of Honolulu Hale, the former City Council chairman and member delivered his inaugural address in which he outlined the five core themes that would guide his administration "in charting a new direction for the City."

Elaborating on these themes, Hannemann first called for adopting a new attitude and fresh approaches to the business of City government. He then said he would work to change the culture at City Hall by being open about problems and concerns, collaborating on finding solutions, and working as a team to achieve goals. The mayor said he would look to City employees for ideas and inspiration, be they elected, appointed, or civil servant.

His third theme was a pledge to work with co-leaders in government, including the governor, fellow mayors, the Legislature, and Hawaii's Congressional delegation, stating, "This administration will not be about Democrats versus Republicans. Nor about the state versus the counties. It will not be about perceived national indifference to the needs and concerns of America's only Pacific island state. It certainly will not be about the political and jurisdictional rivalries that have affected the way we go about the business of government for so long. You're tired of it, I'm tired of it; we need to move on. What it *will* be about is bringing people together in the pursuit of common goals. There simply is no reason we need to work in isolation. There's no reason we should not collaborate in the spirit of aloha for the good of the people."

Hannemann's fourth theme was a plea to all residents to offer ideas for the City's challenges and make the sacrifices that result in tangible solutions. "The ideals of citizenship, the spirit of community, the feeling of ohana—all require active involvement and a sense of ownership of our home," he said.

In describing his final theme, Hannemann recalled the words of the late Governor John A. Burns, that many of us suffer from a subtle inferiority of spirit. Rather than believe those words, Hannemann said he viewed them as a challenge. "We in Hawaii have the talents, skills, and knowledge to overcome any challenge. We *can do* anything," he said, "No scared 'em, go get 'em."

ACTIONS

The mayor's earliest official actions included making good on several promises made during his campaign. These were:

- suspending work on the Waikiki War Memorial Natatorium, a \$12-million renovation that the prior administration had green-lighted despite expert and public reservations about the efficacy of the work to make the aging structure safe for use;
- canceling the Bus Rapid Transit project, a \$51-million bus network that would have taken away road lanes to devote exclusively to bus use and reassign buses to heavily trafficked routes; and
- cutting the previous administration's vision team program, which at one time had been receiving \$39 million a year for construction projects at the expense of basic City needs and services.

The administration canceled a slew of capital improvement projects, among them 18 construction projects valued at \$12.4 million that had been pending for years. Sixty-six contracts for consulting work, valued at \$6.9 million, were terminated. If construction on those projects had proceeded, the cost to taxpayers would have been \$66 million and much more for maintenance.

January brought an announcement that the City's Sunset on the Beach and Brunch on the Beach events would be reduced beginning immediately and fully privatized beginning in 2006. The events, which have been funded largely by the City, also require extensive City manpower for logistics, security, and other requirements. The mayor announced that the Waikiki Improvement Association would assume a greater share of the costs for the Sunset and Brunch events. He also recruited the first major private sponsor, Hawaiian Telcom, to ensure that the events would continue at least until mid-2006. Sunset events slated for 2005 were reduced from 2004's 35 to 24 in 2005, while Brunch will drop from 11 to four.

CABINET APPOINTMENTS

One of the first major tasks of the new administration was naming a cabinet to oversee the daily operations of government. Immediately following his election in November 2004, Hannemann began assembling a search committee to seek candidates for these key posts. Chairing the committee were businessman and former City Managing Director Andy Anderson and Christine Camp Friedmann, head of Avalon Development. A number of volunteers from the public and private sectors served on the sub-committees that screened applications, interviewed applicants, and made recommendations to the mayor.

Cabinet officers appointed to the first Hannemann administration are:

Office of the Mayor

Jeffrey J. Coelho Managing Director
Trudi S. Saito Deputy Managing Director

Department of Budget and Fiscal Services

Mary Pat Waterhouse Director
Patrick T. Kubota Deputy Director

Department of Community Services

Debbie Kim Morikawa Director
Aaron S. Fujioka Senior Advisor

Department of the Corporation Counsel

Carrie K.S. Okinaga Corporation Counsel
Donna M. Woo First Deputy Corporation Counsel

Department of Customer Services

Salvatore S. Lanzilotti Director
Joan A. Manke Senior Advisor

Department of Design and Construction

Wayne M. Hashiro Director
Eugene C. Lee Deputy Director

Department of Emergency Services

Elizabeth A. Char, M.D. Director
Danilo F. Agsalog Senior Advisor

Department of Enterprise Services

Sidney Quintal Director
Gail Haraguchi Deputy Director

Department of Environmental Services

Eric S. Takamura Director
Kenneth Shimizu Deputy Director

Department of Facility Maintenance

Laverne T. Higa Director and Chief Engineer
George N. "Keoki" Miyamoto Deputy Director

Department of Human Resources

Kenneth Y. Nakamatsu Director

Department of Information Technology

Gordon J. Bruce Director
Keith Rollman Senior Advisor

Department of the Medical Examiner

Kanthi de Alwis, M.D. Medical Examiner
William W. Goodhue, Jr., M.D. ... Deputy Medical Examiner

Department of Parks and Recreation

Lester K.C. Chang Director
Dana L. Takahara-Dias Deputy Director

Department of Planning and Permitting

Henry Eng Director
David K. Tanoue Deputy Director

Royal Hawaiian Band

Michael D. Nakasone Bandmaster

Department of Transportation Services

Edward Y. Hirata Director
Alfred Tanaka Deputy Director

Neighborhood Commission

Baybee Hufana-Ablan Executive Secretary

Oahu Civil Defense Agency

William D. Balfour, Jr. Administrator

Office of Culture and the Arts

Michael W.H. Pang Executive Director

MAYOR'S REVIEW

Before entering office, Hannemann had outlined a plan to tap the talent and expertise of community leaders to conduct a top-to-bottom evaluation of City government, with an eye toward determining the City's mission and improving the efficiency and quality of government services.

This project, called the Mayor's Review, was begun in January under the direction of Paul Yonamine and John Zabriskie, senior advisor and policy advisor to the mayor, respectively. These two volunteers helped form and lead a large team of business, labor, and community leaders who devoted 3,500 hours to this effort—and continue to do so.

The Mayor's Review consists of three phases. The first phase aimed to give the Mayor and his administration a clear snapshot of the City's financial state to aid in the preparation of the City's fiscal year 2006 budget. It also produced a set of more than 300 recommendations, from team members and City employees, for improvements to operations.

Among the findings of the Mayor's Review, which were announced at a February 18 press conference, were:

- a steady decline in cash balances in the City treasury for the period from fiscal years 2000 to 2004;
- an increase in total debt (to \$817 million) and annual debt service (\$27 million a year) during the same period, with the refinancing of maturing debt service and the reclassification of capital improvement funds to operating revenue adding to those obligations;
- an increase in the annual operating deficit of various government funds and insufficient funding for core City services, such as roads and sewers;
- the deferral of at least \$925 million of expenditures and debt service for sewers, roads, equipment and vehicle replacement, and technology improvements; and
- the transfer of \$340 million from the sewer fund to the general fund and the absence of any sewer rate increases for the past 12 years.

During the press conference, Yonamine and Zabriskie disclosed that the fiscal situation of the City, while currently adequate, has been declining for the past five years and would continue to decline precipitously unless prompt action was taken. Both warned of the hazards of inaction and noted that the situation would likely worsen before it improved, but believed that a focus on the key issues facing the City, combined with strong leadership, would turn the tide.

Following the recommendation of the original review team, a Project Management Office was created to proceed with the work that was begun in the first phase. This office is directed by a team of Deputy Managing Director Trudi Saito, Yonamine, Budget Director Mary Pat Waterhouse, and Human Resources Director Ken Nakamatsu. A project manager has been retained to facilitate the Mayor's Review initiatives. This office will oversee the second and third phases of the review, which will last for much of the next three years and are intended to achieve two primary goals. First, the PMO is extending its view from the original financial snapshot to complete a comprehensive overview of the operations and long-term finances of the City, so the administration can make accurate, continuing projections of what work needs to be done and how much it will cost. Second, the PMO, in conjunction with personnel from the mayor's office and each department, will execute a series of initiatives drawn from the 300 original recommendations.

In addition to Yonamine and Zabriskie, volunteers on the Mayor's Review included: Steven Ai, City Mill; Dale Aiello, Gartner; Michael Angotti, KD Construction; Patti Bates, Child and Family Services; Bill Brown, Outrigger Enterprises; Robin Campaniano, AIG Hawaii; Paula Chang, First Hawaiian Bank; Donald Clegg, Analytical Planning; Michael Coad, Hawaiian Cement; Herb Connelly, Coldwell Bankers Pacific Properties; Butch Correa, independent advisor; Gordon Dang, retired small business owner; Lee Donohue, former police chief; Bob Dove, HEMIC; Scott Dunn, United Public Workers; David Erdman, PacRim Marketing; Karl Essig, formerly of Morgan Stanley; Michael Fitzgerald, Enterprise Honolulu; Georgiana Fujita, HMSA; Jeff Gregg, ACS; Frank Hamada, Shinwa Golf Hawaii; T.K. Hannemann, Teamsters; Ron Haranda, RHA; Steve Hurlbut, Queen's Health System; Wesley Imamura, BOH Insurance Services; Alden Ishii, Hawaiian Electric; Mitchell Kaaialii, First Hawaiian Bank; Kerry Komatsubara, FSK; Ken Kudla, Queen's Health System; Bobby Lee, Hawaii State Fire Fighters; Robert Lees, BearingPoint; Sherri Loo, Hawaiian Electric; Daniel Masutomi, Verizon; and Stacy McGuire, Hawaii Pacific University.

Also: Mel Miyamoto, Hawaiian Dredging; Cynthia Nakai, First Insurance; Mark Nakamura, Honolulu Police Department (retired); Diana Niles-Hansen, Child and Family Services; Robert Oda, Bishop Estate; Dave O'Neil, MortgageSource; Mike Onofrietti, AIG Hawaii; David Oyadomari, Sprint; Wayne Panoke; Jim Salter, CM&D; April Samulewicz, BearingPoint; Jeanne Schultz; Jason Show, Hawaii Pacific University; Carl Simons, Hawaiian Cement; Gary Slovin, Goodsill Anderson Quinn & Stifel; Jan Sullivan, T&S Properties; Susan Todani, Bishop Estate; Tom Valentine, Hawaiian Dredging; Don Verdi, Kyo-ya; Pat Wong, Hawaiian Electric; James Yamamoto, R.M. Towill; and Kenneth Yonamine, Board of Water Supply (retired).

The Mayor's Review has spun-off two other projects that have drawn on private sector individuals. These are the Asset Management Review Team and the Revenue Enhancement Team. The former has been tasked with reviewing the state of the City's assets and recommending practical policy changes to improve their management and use. Led by Jeff Dinsmore of General Growth, this group is organized under the supervision of Budget Director Waterhouse. The latter, under chairman Terry Lee of Lee Investments, was created in response to the City's financial difficulties. Group members have been asked to produce realistic but visionary ways for the City to develop new revenue streams while maintaining or reducing the existing tax burdens on residents.

STATE OF THE CITY

Two months after his inauguration, the mayor presented his first state-of-the-City address before the City Council in the Council chambers. He used the forum to provide an inside look at the state of the treasury and the decline in government operations, while also outlining his proposals for the 2006 fiscal year.

Hannemann said the administration's priorities would be six-fold: "We must be honest, truthful, and accountable for the public's money. We must ensure that our police, fire fighters, and other first-responders are fully staffed and equipped. We must repair our roads. We must fix our sewers and tackle our solid waste and recycling problems. We must maintain our existing parks and public facilities. We must find solutions to our traffic headaches. These are more than issues about City services. These go to the very core of our quality of life, our environment, and our future."



The status of the City's programs and services was a central theme of the mayor's state-of-the-City address. For the first time in years, the address was delivered in the Council Chambers.

age pipes in Saint Louis Heights; \$16 million for 6,600 feet of pipeline in the Wanaao Road and Keolu Drive areas of Kailua; and the rehabilitation of 3,400 feet of sewer pipelines on Kalaheo Avenue and Mokapu Boulevard at a cost of \$15 million in 2007. Additional money is going to improve the Sand Island Waste Water Treatment Plant, the facility that handles much of the island's sewage. More than \$300 million will be spent to increase the plant's capacity from 82 million gallons to 90 million gallons a day and to make general improvements. Some of this money was appropriated in past years, but most of it is 2005 and 2006 funding.

Public Safety: The mayor pointed to continuing recruitment and retention problems faced by the Honolulu Police Department, as well as the failure to replace vehicles and equipment at regular intervals.

He also noted that HPD routinely devotes manpower to operations under the purview of the state government, such as responding to calls at state-owned facilities, bomb sweeps, firearm and sex-offender registrations, the JPO program, and appearing in court for traffic violations. The cost is estimated at \$13.2 million, with no reimbursement by the state. (The mayor subsequently lobbied the 2005 Legislature to provide a greater share of unadjudicated traffic fines, i.e., uncontested traffic citations, to the counties to compensate partially for the aforementioned services. While the Legislature did not approve any laws for that purpose, the body did appropriate \$4 million for road repairs.)

In other areas, repair and maintenance of the Honolulu Fire Department's stations have been deferred for years, resulting in 44 stations requiring repairs that will cost at least \$6 million. The department's fleet of 72 first-line apparatuses has not been replaced regularly, with 22 vehicles more than 15 years old. National standard replacement schedules call for two engines and one other vehicle to be replaced every year, but HFD has received funding for only three engines over the last two years.

The proposed FY 2006 budget for HPD included \$1.8 million for 40 patrol vehicles and funds for 15 additional positions. Funding for the Fire Department included \$2.25 million for station repairs—double the amount in the FY 2005 budget—and nearly \$1 million for two new fire engines.

Information Technology: As with the sewage infrastructure, the City's information technology system has fared no better. The telecommunications microwave system used by emergency personnel has not been maintained in more than 10 years. Meanwhile, the City's accounting software is 23 years old, the human resources and payroll transactions operate on a program 15 years old, the software for the Division of Motor Vehicles record-keeping predates the personal computer at 30-plus years, and the multi-prefix City phone system is 20 years behind the times. The City is continuing work on its Enterprise Resource Planning System to replace and upgrade the aging City computer systems with a new one that integrates financial and personnel software. In addition, \$2 million was budgeted to begin repairs and upgrades to the telecommunications system.

KEY PRIORITIES OUTLINED IN HIS REMARKS ARE DESCRIBED BELOW.

Sewer Infrastructure: Citing the consent decree with the Environmental Protection Agency and Department of Health and the resultant 20-year plan to address shortcomings, years of deferred maintenance, and numerous raids on the sewer fund, the mayor's budget for FY 2006 proposed an increase in sewage fees of 25 percent beginning in July 2006 and 10 percent in each of the following five years, to underwrite sewer improvements. At the same time, the mayor also pledged that the sewage revenue would be used exclusively for sewer work. The fee hike was approved by the City Council.

Ongoing or upcoming sewer projects include \$30 million to replace 6,600 feet of pipeline along Beachwalk and Ala Wai Boulevard; \$20 million to line or replace 22,000 feet of sewer

Parks and Facilities: Staff shortages of up to 30 percent in many agencies, the \$101-million Central Oahu Regional Park and Waipio Soccer Complex, millions of dollars spent for the beautification of Kuhio Avenue and Ala Wai Boulevard, a 40-year-old air-conditioning system at Neal Blaisdell Center Arena, facility rental fees that have not been revised in years, and golf courses in poor condition were among the examples cited by the mayor in pointing out the misplaced spending priorities of past years.

Hannemann said, henceforth, the City's policy on capital improvements would be affirmative answers to three questions: (1) Do we need it? (2) Can we afford it? (3) Can we maintain it?

Roads: Following 1989's all-time high for road resurfacing of 319 lane miles (a stretch one mile long and 10 feet wide), City road resurfacing reached an all-time low of 35 miles by 2000. The administration promptly declared a "war on potholes" and introduced a three-part program to repair another long-neglected element of Honolulu's infrastructure.

In part one, City road crews are assigned to fill potholes year-round, not only in emergencies. The second part, called first-aid, involves a three-quarter to one-inch overlay of asphalt on existing roadways in rural areas. The third part is major reconstruction of heavily used thoroughfares. Targeted areas included Waimano Home Road, Pupukea Road and Kahuku residential streets, Makakilo Drive, Paiwa and Lumiaina streets in Waipahu, and heavily used roads in Kaimuki.

Solid Waste: Making good on a campaign pledge, the mayor launched bulky-item pickup on the Leeward Coast on February 28. For years, only urban Honolulu had enjoyed regularly scheduled curbside service, while residents in outlying areas were required to call in.

Hannemann said residents of the Waianae Coast would have to live with the Waimanalo Gulch landfill while the City examined alternative disposal technologies and options. However, he said the City would take steps to minimize its impact by landscaping the landfill entrance, picking up litter more frequently, employing odor control barriers, and completing the long-awaited mauka emergency bypass road for the Waianae Coast.

Transportation and Traffic: Acting on a vow to support the continued growth of West Oahu, particularly Kapolei, the mayor immediately began holding weekly meetings and monthly cabinet meetings at Kapolei Hale to demonstrate the administration's goal of stimulating private and public sector business growth in the area.

He also announced that the administration would pursue a ferry system, linking Leeward Oahu to downtown Honolulu, with City buses as part of the network.

Planning and Permitting: Complaints about lengthy waits in line or the weeks it takes to review plans and grant building permits, at a time when the construction industry is booming, led to a number of immediate improvements in the Department of Planning and Permit. Highlights included hiring eight new employees to expand a department that has been chronically understaffed. A separate pay-only, pick-up line was opened so persons picking up permits no longer have to wait in line. For those who do have to wait, the "current number being served" is now posted on-line so applicants know where they stand and when to return to the counter. A concierge, a part-time permit information officer, was also assigned to help novices wade through the system.

Customer Services: An emphasis on harnessing technology so the public spends more time on-line, rather than in-line, led to the roll-out of Web-based appointment requests and payments for driver's licensing road tests, reservation of special license plates, and calculation of motor vehicle fees. Also proposed were extended hours for Satellite City Halls at Ala Moana Center, Pearlridge, and Windward Mall, one night a week until 9:00, as a test of the public's desire for extended business hours.

BUDGET

The City Council approved the administration's budget and the mayor signed it into law on June 22. The budget contained some provisions that were higher or lower than the original budget submittal. Highlights included:

Public Safety

- 33 new officer positions for the Honolulu Police Department.
- \$2 million for police equipment replacement, including 40 patrol cars.
- \$821,000 for the Police Training Academy indoor firing range.
- \$50,000 to plan the replacement of the Waianae Police Substation.
- \$1 million to purchase two fire engines and a service truck.
- Matching funds of \$374,000 to enable the Honolulu Fire Department to pursue more than \$2 million in federal grants for equipment purchases.
- Planning and design funds to relocate the Ewa Beach Fire Station to a one-acre site at Ocean Pointe.
- \$2.3 million for improvements to 12 fire stations around the island.
- Master planning to modernize and redevelop HFD's five-acre training center near Honolulu International Airport.
- \$761,000 to complete lifeguard tower replacement for the Ocean Safety Division.
- \$2 million for upgrades to the public safety telecommunications systems.

Transportation

- A federally mandated alternative analysis and prepare draft environmental impact statement for the selection of a locally preferred rapid transit system (total cost is \$10.2 million, of which \$8 million is from federal government).
- \$6.7-million for an intra-island ferry demonstration project connecting Leeward Oahu and Honolulu (federal money accounts for \$5 million of the total).
- Design and construction of the second phase of Kaulawaha Road, between Mahaka Valley Road and Mahinaau Road, at a cost of \$1.5 million (as the last of a seven-phase project that will provide an alternative access for Waianae Coast residents).
- \$201,000 to plan and design the Joint Transportation Management Center to house the City Department of Transportation Services, state Department of Transportation, Honolulu Fire Department, Honolulu Police Department, Department of Emergency Services, and Oahu Civil Defense.

Roads

- \$1.7 million for asphalt for pothole repairs.
- \$30 million for road rehabilitation and reconstruction.
- \$5.3 million to continue making sidewalks and curbs accessible for the handicapped.

Sewers and Solid Waste

- \$250 million for sewage infrastructure improvements, including \$30 million for the Ala Wai replacement force main, \$20 million for the Saint Louis Heights sewage lining and replacement, various phases of sewer line construction in Kailua, Sand Island Waste Water Treatment Plant modifications and expansion, and other work.
- \$4 million to promote recycling.

Parks and Public Facilities

- \$4.5 million to replace the 40-year-old air-conditioner at Blaisdell Arena.
- \$550,000 for phase one of improvements to the Blaisdell Center garage and walkways.
- \$3.5 million to renovate existing parks and recreation facilities.
- \$1.3 million for drainage improvements to the long-awaited Kahaluu Regional Park.
- \$1 million for replacement of the Kailua District Park gym roof.

Permitting

- Reduce the number of unfunded positions in the Department of Planning and Permitting from 40 to 20, mostly for more building inspectors.
- Four new permit clerk positions to provide counter support at the Honolulu and Kapolei permit centers and help reduce the permitting backlog.

Customer Services

- Extension of Satellite City Hall hours at Ala Moana Center, Pearlridge Center, and Windward Mall.
- \$484,887 to establish a Windward Oahu driver license substation.
- Renovations to the Pearlridge Satellite City Hall, including upgrades for point-of-sale transactions and relocation of driver license substation presently at the Pearl City Police Station.

City Operations

- First phase of Enterprise Resource Planning System to replace and upgrade inefficient, 25-year-old City computer systems with a new one that integrates financial and personnel software.
- Second phase of the Mayor's Review to improve City processes and practices, including government service delivery, development of performance scorecards, and implementation of best practices based on ongoing studies.
- \$100,000 for employee training, to begin to make up for the complete lack of training for City employees in recent years.

Community Services

- \$35 million to provide rent subsidies, home rehabilitation, and down payment loans; \$9 million for affordable senior housing and elderly services; \$4 million in support of programs that serve the homeless; and \$4 million for programs that serve children and youth.

Economic Development

- Market the Small Business Resource Center on the Web and in print to increase public awareness of the center's services and support small business growth (\$10,000).
- Form partnerships with businesses and developers to stimulate business in Chinatown and to move toward the mayor's goal of establishing Chinatown as an arts center (\$15,000).
- Form public-private partnerships with West Oahu businesses and organizations to encourage job growth, with an emphasis on high-skill positions (\$10,000).

Other

- \$100,000 for Haaheo No O Honolulu, the celebration of the centennial of the City and County of Honolulu.
- \$40,000 for the Office of Culture and the Arts to commission performing arts groups to create new works and a grant for the Filipino Centennial Celebration.

MASS TRANSIT

With traffic the top quality-of-life issue facing Oahu residents, and the Oahu Metropolitan Planning Organization projecting that the morning rush hour would double to 80 minutes or more by 2030 (longer for Leeward Coast commuters), the Hannemann administration had placed transportation among its top priorities.

Every mayor since Neal Blaisdell had advocated some sort of rail system for Oahu. Former Hawaii Governor John Waihee, in 1990, called for a half-percent hike in the general excise tax to allow the counties to pay for transit projects, including the City's proposed rail line. Governor Linda Lingle and her task force, which explored transportation solutions for Oahu commuters, announced in October 2003 that a fixed-rail system was the only project capable of having a significant impact on congestion, and it was to be funded by a state tax.

Mounting traffic congestion prompted the 2005 Legislature to propose granting the county governments the authority to add a half-percent surcharge to the general excise tax to fund transportation. The mayor actively lobbied for the measure, House Bill 1309, working with legislators, business and labor groups, and the governor on amendments and compromises that would help to ensure enactment. The bill was approved by the Legislature and allowed to become law without the governor's signature.

The mayor also marshaled support for Bill 40, the City Council's companion measure that would permit the City to adopt a local funding mechanism in conjunction with House Bill 1309. Support for this broad initiative came from a broad-based coalition, including legislators in both houses of the Legislature; Hawaii's Congressional delegation, particularly Senator Dan Inouye and Congressman Neil Abercrombie; business and labor groups; mass transit advocates; the *Honolulu Advertiser*, *Honolulu Star-Bulletin*, and *Pacific Business News*; Neighborhood Boards; and others. The City Council passed Bill 40 by a 7-2 margin.

The City has since retained a consultant to conduct the federally required transportation alternatives analysis and environmental impact statement, of which a light-rail mass transit system will be a major component.

LEASE-TO-FEE REPEAL

On February 9, Mayor Hannemann signed into law Bill 53, which repealed the City's mandatory lease-to-fee conversion ordinance for condominiums. It was the first measure signed into law by the new mayor.

On hand for the milestone were trustees of the Queen Liliuokalani Trust and Kamehameha Schools and representatives of the Small Landowners Association, Queen Liliuokalani Children's Center, and Royal Order of Kamehameha I. Also in attendance were Honolulu City Councilman Todd Apo and former Councilmembers John DeSoto and Mike Gabbard, both of whom worked for repeal of the law. The bill had been approved by the Council by a 6-3 vote.

Hannemann said, "I am pleased to repeal the City's leasehold conversion ordinance. I have long believed that government should not dictate to private landowners when and how they should sell their property. Additionally, this bill enables the alii trusts to provide for future generations."

KUHIO AVENUE

Concerns raised by City public safety and maintenance experts prompted Mayor Hannemann to order the removal of about a quarter of the 350 trees planted by the prior administration along Kuhio Avenue.

While the City originally had only 73 trees on Kuhio, 2004 saw an explosion of trees as part of a Waikiki beautification project, resulting in four times the quantity. The trees and the construction of a median made Kuhio difficult to negotiate for large vehicles, like fire engines, blocked access for emergency vehicles, and created pedestrian and driving hazards and other problems.

The Department of Parks and Recreation worked with the Outdoor Circle and other interested parties to strike a balance among safety, beautification, and fiscal realities. In addition to the Outdoor Circle, the administration attempted to include other groups as it drew up its plan for the trees, such as the Waikiki Neighborhood Board, Waikiki Improvement Association, Hawaii Hotel Association, Hawaii Visitors and Convention Bureau, and elected officials. Parks staff and Outdoor Circle leaders inspected each of the 350 trees together and agreed on which trees would be removed or replaced. The survey also found a few of the trees are

damaged or, in some cases, were planted so close together that they will crowd each other out as they mature. The City will still maintain at least 265 trees along Kuhio Avenue, almost four times as many as were there before 2004.

ECONOMIC DEVELOPMENT

The Mayor's Office of Economic Development oversees several operations: small business advocacy, the Honolulu Film Office, Hawaii Tourism Authority grants, and sports tourism.

Sunset on the Beach: The Hannemann administration decided immediately that the City's Sunset on the Beach and Brunch on the Beach events would be reduced beginning immediately and fully privatized beginning in 2006.

The events had been funded largely by the City and required extensive City manpower for logistics, security, and other requirements. The mayor announced that the Waikiki Improvement Association would assume a greater share of the costs for the Sunset and Brunch events. Sunset events slated for 2005 were reduced from 2004's 35 to 24 in 2005, while Brunch will drop from 11 to four.

The previous administration had budgeted \$160,000 to pay for the Sunset events in 2005, with a Hawaii Tourism Authority grant accounting for an additional \$125,000.

The Brunch events, meanwhile, will cost the City \$75,000; an HTA grant provided an additional \$75,000. Under the new arrangement, the promoter of the event will provide all services previously performed by City employees, including delivery and set-up of chairs and tables, trash pick-up, and police security. The labor costs to the City would have been \$122,000 for Sunset and \$106,000 for Brunch. In addition, the mayor announced that a series of Sunset in the Park events will be held in the community for the duration of 2005, including Schofield (May), Haleiwa (July), Maili-Waianae (August), Waimanalo (September), and West Oahu (Kapolei). These events will be underwritten by the HTA, at a cost of \$18,000 each.

Chinatown: The mayor's office began work on a master plan for Chinatown. The aim of the revitalization effort is to promote the unique culture, arts, and history of Chinatown as a vehicle for the district's economic growth. The Honolulu Police Department has reinstated Chinatown foot patrols to reduce crime and become a closer part of the neighborhood community. New legislation to encourage loft housing has been introduced, and the mayor's office is promoting its potential for increased residential possibilities. Honolulu's Small Business Resource Center, home to the City's Small Business Advocate, is centrally located in the district, and plans to expand to include federal, state, and City business resources. Historic walking tours have been created by both the public and private sectors. A new artistic life has come to the area through the Hawaii Theater, the Arts Center at Mark's Garage, and the First Friday arts initiative.

Small Business Advocate

The Small Business Advocate serves as a liaison between the City and the business community by assisting small businesses in investigating and resolving complaints and addressing barriers to growth. The advocate helps reduce red tape and clarify complex government procurement practices. To that end, in May 2005, the Advocate initiated cooperative relationships with the Hawaii Chamber of Commerce's Small Business Council and the U.S. Office for Small and Disadvantaged Business Utilization. In addition, the advocate partners with the State of Hawaii's Small Business Advocate Office on issues of mutual concern.

The Small Business Advocate is the City's primary representative at the Small Business Resource Center (SBRC) and coordinates with non-profit partners to ensure the continued sustainability of the institution. At the center, individuals interested in starting a business can get training and guidance not only from the City, but from the Hawaii Women's Business Center, Small Business Development Center, and Senior Corps of Retired Executives. The SBRC plans to add several new partners in the coming months.

Together with the US Small Business Administration, the advocate planned a series of training workshops for the West Oahu and North Shore communities, areas of rapid business growth. The workshops, held at Kapolei Hale, were slated to begin in July 2005; topics for this "Small Business Day in Kapolei" series included securing funding, resolving credit issues, and understanding employee benefits options.

Honolulu Film Office

The Honolulu Film Office is the central coordinating agency for film-related activities on Oahu, its goals to foster the growth of the film industry through marketing and promotions of Oahu as a location destination; provide guidance on government permits for all types of production, and offer other support and advice. Film and television production attracts millions of dollars of revenue; provides high-paying and high-skilled jobs; creates business opportunities, exposes Hawaii to an international audience, and supports the visitor industry directly and indirectly.

Oahu is the hub of production in Hawaii, typically generating between 50 and 75 percent of all statewide production expenditures. The 2004 calendar year was a record for production expenditures, and represented a significant influx of network television production on Oahu. Production expenditures in the county exceeded \$100 million for the second time, the first being 2002. Oahu production expenditures totaled \$134 million, or more than 80 percent of the statewide total. This success helped to boost statewide figures to a record-breaking \$163 million.

Major projects and highlights for 2004-2005 included three network TV series for ABC, NBC, and Fox, with combined production expenditures totaling several million dollars.

Calendar year 2004 production expenditures on Oahu represented an increase of 150 percent of 2003's, which was a down-cycle year for the industry. However, the City anticipates that 2005 will see a significant reduction in production expenditures because proposed state tax legislation, designed to maintain the momentum in production and correct the funding access problems, was not approved by the Legislature.

As part of its strategic partnership with the visitor industry, the City has played a key role in promoting tourism by serving as a link to the production and marketing arms of the film industry. During the 2005 fiscal year, the Film Office cooperated with the Oahu Visitors Bureau and studios to increase exposure and marketing for the hit ABC television series, "Lost."

The Film Office maintained strong relationships with the Hawaii Television and Film Board, Hawaii Film and Entertainment Board, Film and Video Association of Hawaii, Hawaii International Film Association, the Association of Film Commissioners International, and Association of Independent Commercial Producers. The office also marketed Oahu and Hawaii at key industry events, including the American Film Market, American Film Institute Film Festival, Hawaii International Film Festival, New York AICP Show, and AFCI's Locations Trade Show. The office conducted individual business development meetings with key industry executives.

The HFO received two awards during the year: a second place AFCI International Marketing Awards for a color or black-and-white series/campaign and a Pele Award of Excellence.

Hawaii Tourism Authority-County Product Enrichment Program

The Hawaii Tourism Authority's County Product Enrichment Program (HTA-CPEP) supports the diversification and enrichment of tourism by providing grants to the counties to develop new and enhance existing community-based events, experiences, attractions, and projects related to agriculture, culture, education, health and wellness, nature and technology. The City received \$475,000 for the 2005 calendar year.

Events Funded for 2005

- Ala Wai Watershed Association, Earth Day 2005, April 27, \$5,000
- Bishop Museum, Sixth Annual Honolulu Harbor Festival, November, \$10,000
- Cinema Paradise Film Festival 2005, April 28-May 5, \$5,000
- Filipino Community Center, 13th Annual Filipino Fiesta and Parade, May 14-21, \$10,000
- Haleiwa Arts Festival Eighth Annual Summer Event, July 23-24, \$10,000
- Haleiwa Main Street, North Shore Sunset on the Beach, July 23-24, \$18,000
- Hawaii Alliance for Arts Education/The Arts at Marks Garage, Downtown Honolulu Gallery Walk and First Friday (Phase 2), \$15,000
- Hawaii Ecotourism Association, Hoohui I Koolau, \$10,000
- Hawaii Korean Chamber of Commerce, Korean Festival, January 15, \$10,000
- Hawaii Maoli, Prince Jonah Kuhio Kalaniana'ole Commemorative Celebration, March 1-31, \$25,000
- Hawaii Marketing Alliance, Wahiawa Pineapple Festival 2005, May 7, \$20,000
- Hawaii Pacific University Intercultural Day, April 22, \$25,000
- Hawaii United Okinawa Association, 23rd Okinawan Festival, September 3-4, \$15,000
- Hawaii Wellness Institute, Health and Wellness Expo, \$5,000
- Lion's Club International/Wahiawa Lions Club, Sunset in the Park at Schofield, May 21-22, \$18,000
- Moanalua Gardens Foundation, Cultural Tourism - MGF's 28th Prince Lot Hula Festival, July 16, \$20,000
- Moiliili Community Center, 10th Anniversary, October, \$5,000
- National Audubon Society, Waimea Valley Enrichment and Promotion Project (2 years), \$25,000
- Native Hawaiian Tourism and Hospitality Association, The Queens Tour of the Waikiki Historic Trail, \$30,000
- Native Hawaiian Tourism and Hospitality Association, Destination Oahu-A Hawaiian Sense of Place, \$25,000.00
- New York City Triathlon, LLC, Honolulu Triathlon Festival, April 10-17, \$15,000
- Nuuanu Merchants Association, New Markets and Expanded Events Schedule, \$15,000
- Safe Zone Foundation, Inc., GirlFest Hawaii, September 3-11, \$10,000
- Temari Center for Asian Pacific Arts, Na Keiki Aloha: The Beloved Children, \$20,000
- Turtle Bay Resort, Honu Festival, June 10-12, \$20,000
- Valley of Rainbows, Waianae Coast Sunset on the Beach, August 13-14, \$18,000
- VSA, 2005 Hawaii International Deaf World Music and Sign Language Festival and Symposium, August 27, \$10,000
- Waimanalo Construction Coalition, Rediscover Oahu: Waimanalo Sunset on the Beach 2005, September 10-11, \$18,000
- Waipahu Cultural Garden Park (dba Hawaii's Plantation Village), Marketing the Living Village (Phase 2), \$50,000

- West Oahu Sunset on the Plains, October 1-2, \$18,000
- World Invitational Hula Festival, E Ho'i Mai I Ka Piko Hula, November 9-12, \$10,000

Meanwhile, 47 events received product enrichment funding for the 2004 calendar year.

- Japanese Cultural Center of Hawaii, Multicultural Matsuri
- TEMARI Center for Asian and Pacific Arts, Tie/Dye
- Hawaii Maoli, Prince Jonah Kuhio Kalaniana'ole Commemorative Celebration
- Ohia Productions, Inc., Children's Theater at the Honolulu Zoo
- Gushikawa Shijin Kai, Pigs from the Sea: An Okinawan Musical
- Hawaii Chinese Tourism Association, Asia Pacific Tourism Conference
- Waikiki Improvement Association, Waikiki Spring/Summer Program
- National Audubon Society (dba Waimea Valley Audubon), Hoolaulea and Makahiki at Waimea Valley
- Filipino Community Center, 12th Filipino Fiesta and Parade
- Pacific Technology Foundation, Asia-Pacific Cyber Games
- Family Day Outreach International, Family Day
- Moanalua Gardens Foundations, 27th Annual Prince Lot Hula Festival
- Haleiwa Arts Festival
- Pearl City Foundation, Aiea, Pearl City, and Waipahu Sunset in the Park
- Making Dreams Come True: Valley of Rainbows, Waianae Coast Sunset on the Beach
- Council for Native Hawaiian Advancement, Third Annual Native Hawaiian Conference
- Waikiki Improvement Association, Waikiki Fall/Winter Program
- Hawaii United Okinawa Association, 22nd Okinawan Festival
- Kaneohe Business Group, Windward Hoolaulea 2004
- Waimanalo Construction Coalition, Waimanalo Sunset on the Beach
- Cinema Paradise Film Festival 2004
- Hawaii Forest Industry Association, Hawaii Woodshow 2004
- Lyon Arboretum Association, Hawaii Pacific Island Kava Festival
- Haleiwa Main Street (dba North Shore Community Chamber of Commerce), North Shore Sunset at the Beach
- Hawaii Maritime Center, Fifth Annual Honolulu Harbor Festival
- Seagull Schools, Inc., West Oahu Sunset on the Plains 2004
- Aloha Wellness Travel, Development of a Wellness Tourism Marketing Database for Oahu
- Fort Street Mall Business Improvement District Association, Fort Street Open Market and Rainbow Shave Ice Festival
- Handcrafters & Artisan Alliance, Waikiki Sunset on the Beach Craft Vendors
- Hawaii Alliance for Arts Education, Downtown Honolulu First Friday Gallery Walk
- Hawaii Alliance for Arts Education, Public Service Announcement and Distribution
- Hawaii Ecotourism Association, Hoohui I Koolau
- Hawaii Health Guide, OahuHealthGuide.com
- Hawaii Plantation Village, Marketing the Living Village (Phase 2)
- Hawaii Theatre Center, Docent Tour Program
- International Art Society of Hawaii, International Art and Cultural Exchange Program
- Japanese Cultural Center of Hawaii, Japan-Hawaii School Excursion Program
- Matrix Media of Hawaii, Inc., Keiki Hula TV
- National Audubon Society (dba Waimea Valley Audubon), Waimea Valley Discovery Program-Up Close and Personal
- Native Hawaiian Tourism and Hospitality, Historic Oahu Tours of Waikiki and Honolulu Historic Trails
- Hawaii Nature Center, Green Honolulu-Edu Tour Experience
- Wildlife Society-Hawaii Chapter, Conservation Through the Lens
- Windward Ahupua'a Alliance, Koolau Greenbelt and Heritage Trails System: Kaneohe-Kahaluu Segment
- Kapiolani Community College, Culinary Department, Farm to Table-Culinary Tourism

- Windward Ahupuaa Alliance, Hana Lima O Ahupuaa
- Hawaii Marketing Alliance, Wahiawa Pineapple Festival 2004
- United Cerebral Palsy Association, Camp Cool

Sister Cities and International Affairs

The Mayor's Office ensures that the City's sister-city and overseas activities support Honolulu's rich multicultural and multiethnic environment. Prior to January 2005, the City had expended considerable staff time, travel funds, and other resources on establishing friendship city relationships with few direct benefits to the people of Honolulu. The Hannemann administration has changed the City's emphasis to building on existing ties with its 23 sister-cities and developing international relationships that are concretely linked to the needs of Oahu and the state.

The City is supporting the 2006 Filipino Centennial, a year-long celebration culminating in late 2006 with a trade and culture exposition. The mayor will be extending official invitations to the mayors of Honolulu's six sister-cities in the Philippines to participate in the centennial activities.

The City is working with the Honolulu Festival Foundation to support the 12th Annual Honolulu Festival slated for March 2006. Festival planners are collaborating with the mayor's office on bolstering international participation. The Filipino Centennial will be an integral part of this annual festival, which will attract cultural and musical groups from Japan and Pacific Rim countries.

The City welcomed and supported the founding of the Thai Association of Hawaii on July 8, 2005, and substantive talks were held with the Thai Ambassador to the United States on ways to strengthen economic ties between Thailand and Hawaii.

Honolulu's 2005 Centennial Celebration will serve as a draw for international tourism. Working with international air carriers, the mayor's office is promoting Honolulu and the centennial through in-flight magazines and video spots.

Chinatown is a major focus of the City's economic development activities. The Federal Employment-Based Investment Program provides United States residency status in exchange for local investment. The mayor's office has been working with the Hawaii Department of Business, Economic Development & Tourism to better utilize this program to draw investment to Chinatown. The mayor made this a focal point of his meetings with ambassadors and foreign officials during 2005 and 2006.

Looking to the future, the mayor is considering domestic sister-city ties with selected counterparts on the mainland United States. Ties to Honolulu and economic benefits will remain the guiding principles for establishing such relationships.

COUNCIL REQUESTS

Inquiries and complaints relayed by constituents, through their Councilmembers, were consolidated by the new administration into a central receiving point in the mayor's office.

During fiscal year 2004-2005, the Mayor's Office received a total of 1,677 requests from Councilmembers, an average of 140 per month. The table below details the number of requests from each Council district.

CITY COUNCIL REQUESTS

PERIOD: JULY 2004 THROUGH JUNE 2005

(Note: The figures do not show multiple referrals.)

<u>DISTRICT</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>TOTAL</u>
July	7	36	9	8	27	1	14	6	8	116
August	1	58	18	15	25	2	14	2	10	145
September	2	45	22	23	33	5	15	15	3	163
October	3	62	5	15	36	5	13	4	8	151
November	1	47	6	26	29	5	9	8	11	142
December	0	35	3	14	10	4	10	6	3	85
January	0	13	4	13	22	7	0	2	3	64
February	37	38	7	16	21	26	15	7	8	175
March	15	30	4	25	30	27	11	7	10	159
April	12	23	12	14	35	22	18	6	11	153
May	12	30	6	12	12	8	12	6	3	101
June	15	75	11	16	35	34	22	11	4	223
TOTAL	105	492	107	197	315	146	153	80	82	1677

The monthly averages for Fiscal Year 1992-1993 through Fiscal Year 2004-2005 are as follows:

<u>Fiscal Year</u>	<u>Total No.of Requests</u>	<u>Monthly Average</u>
2004-05	1,677	139.75
2003-04	1,568	130.67
2002-03	1,389	115.75
2001-2002	1,124	93.67
2000-2001	1,541	128.42
1999-2000	1,320	110.00
1998-1999	1,555	129.58
1997-1998	1,433	119.42
1996-1997	1,123	93.58
1995-1996	1,123	93.58
1994-1995	1,164	97.00
1993-1994	1,001	83.42
1992-1993	768	64.00